

## Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EB-04 L-01 OMB-01 TRSE-00

NSC-05 INR-05 CIAE-00 PRS-01 SP-02 /038 W

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FM AMEMBASSY KIGALI

TO SECSTATE WASHDC PRIORITY 5242

C O N F I D E N T I A L KIGALI 1187

LIMDIS

FOR AF/C

E.O. 11652: GDS

TAGS: EFIN, RW

SUBJECT: WERTHEIM PROJECT

1. BELIEVE IT WOULD BE USEFUL FOR DESK TO PASS ON TO  
OPIC GIST OF FOLLOWING, IN CONNECTION WITH WERTHEIM'S  
PROBLEMS IN SECURING MARKETING RIGHTS FOR MULINDE TEA:

A) NATIONAL BANK GOVERNOR BIRARA ONCE AGAIN UP TO  
HIS NECK IN POLITICAL HASSLE, THIS TIME INVOLVING  
MINISTERS OF FOREIGN AFFAIRS, FINANCE, PLAN, AND  
AGRICULTURE. ISSUE IS WHETHER RWANDA SHOULD OR SHOULD  
NOT HAVE SIGNED AGREEMENT WITH LIBYA TO ESTABLISH JOINT  
BANKING ENTERPRISE IN KIGALI, WHICH, AS DEPT AWARE,  
BIRARA BELIEVES COULD CAUSE SERIOUS HARM TO RWANDAN  
ECONOMY.

B) FOREIGN MINISTER NSEKALIJE RECENTLY ACCUSED  
BIRARA, IN PRIVATE LETTER TO PRESIDENT, OF BEING IN PAY  
OF COMMERCIAL BANKS HERE, ACCOUNTING FOR HIS OPPOSITION TO  
LIBYAN AGREEMENT. IN PASSING, HE ALSO ACCUSED BIRARA AND  
HIS PROTEGE, RIBANJE, OF MIS-MANAGING RWANDAN TEA  
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INDUSTRY. OUTRAGED, BIRARA TWO WEEKS AGO HANDED IN HIS  
RESIGNATION AS BOTH GOVERNOR OF NATIONAL BANK AND CHAIRMAN  
OF MRND ECONOMIC COUNCIL. REPORTEDLY, MINISTERS OF  
FINANCE AND PLAN (WHO ARE SAID TO SIDE WITH BIRARA  
AGAINST LIBYAN AGREEMENT) ALSO TENDERED RESIGNATIONS,  
AS DID OCIR/T DIRECTOR RIBANJE. TO DATE, NO OFFICIAL  
ANNOUNCEMENT HAS BEEN MADE, NOR TO OUR KNOWLEDGE HAS

PRESIDENT ACCEPTED RESIGNATIONS.

C) ON HIS RETURN FROM TWO-DAY TRIP TO BUJUMBURA LAST FRIDAY, PRESIDENT HABYARIMANA TOLD AIRPORT CROWD THAT HE WAS ANNOYED BY CRITICISM OF LIBYAN AGREEMENT; THAT RWANDA NEEDED ALL THE INVESTMENT CAPITAL IT COULD ATTRACT ("WE'LL SOON HAVE FIFTEEN OR SIXTEEN FOREIGN BANKS HERE"); THAT AGREEMENT WITH LIBYANS WOULD GO FORWARD DESPITE CRITICISM; BUT THAT LIBYAN-RWANDAN BANK WOULD BE UNDER CLOSE CONTROL OF RWANDA'S NATIONAL BANK.

\$) IN A HIGHLY UNUSUAL MOVE, BIRARA CALLED ME TO HIS OFFICE SEPT 12 TO DISCUSS A MINOR MATTER WHICH HAD BEEN PENDING FOR SEVERAL MONTHS. I AM CONVINCED HIS PURPOSE WAS TO SHOW ME THAT HE WAS STILL AT WORK AT CENTRAL BANK AND IN CHARGE OF RWANDAN FINANCES. I TOOK ADVANTAGE OF VISIT TO RAISE QUESTION OF WERTHEIM'S MARKETING AGREEMENT, AND BIRARA ALMOST LEAPT TO HIS TELEPHONE TO GIVE INSTRUCTIONS TO RIBANJE TO IMPLEMENT THAT AGREEMENT WITHOUT FURTHER DELAY. BIRARA ALSO REMARKED POINTEDLY THAT HE STILL INTENDED TO TRAVEL TO WASHINGTON (ARRIVING SEPT 23) TO TAKE PART IN IMF MEETINGS, ADDING THAT HE WOULD BE AVAILABLE TO OPIC OFFICIALS IF THEY WISHED TO DISCUSS WERTHEIM PROJECT OR ANY OTHER MATTER. HE WILL BE STAYING AT SHERATON HOTEL.

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2. AS DESK WILL APPRECIATE, WERTHEIM PROJECT BECOMES SOMETHING OF POLITICAL FOOTBALL IN ALL THIS. WE ARE NOT SURE OF NATURE OF NSEKALIJE'S CRITICISM OF BIRARA AND RIBANJE FOR THEIR "MIS-MANAGEMENT" OF TEA INDUSTRY, BUT OBVIOUSLY THIS CHARGE COULD HAVE IMPLICATIONS FOR WERTHEIM. MUCH LARGER IMPLICATIONS WILL OF COURSE RESULT FROM BIRARA'S EVENTUAL DEPARTURE FROM GOVERNMENT, ALONG WITH RIBANJE AND MINISTERS MOST DIRECTLY INVOLVED IN HEA PROJECT (FINANCE, PLAN, AGRICULTURE). WE ARE SURPRISED AND IRRITATED AT MOST RECENT TURN OF EVENTS, WHICH RESULTED IN DIRECT ACTION BY BIRARA TO PUT PROJECT BACK ON TRACKS ONCE AGAIN. BUT I AM LESS OPTIMISTIC THAT LARGER POLITICAL STORM WILL BLOW OVER WITHOUT FURTHER IMPACT ON WERTHEIM.

3. FOR THE MOMENT, I AM COUNSELING WERTHEIM TO CLING TIGHTLY TO ONE PIECE OF GOOD NEWS, BIRARA'S LONG AWAITED INTERVENTION IN BEHALF OF MARKETING AGREEMENT. IF AGREEMENT FINALLY IMPLEMENTED, PROJECT WILL BE ABLE TO HOLD ITS OWN FOR TIME BEING. OTHERWISE, I BELIEVE IT MORE SENSIBLE FOR WERTHEIM AND ASSOCIATES TO LIE LOW AND WAIT FOR POLITICAL STORM TO BLOW OVER. I DO

NOT RPT NOT BELIEVE NOW IS THE MOMENT FOR OPIC TO  
PRESS RWANDAN DEVELOPMENT VOAK FOR STANDBY FINANCING  
(STATE 216673).

4. POSTSCRIPT: BIRARA KEPT HIS PROMISEG AND WERTHEIM  
WAS ABLE TO SIGN LATEST VERSION OF MARKETING AGREEMENT  
WITH RIBANJE LATE EVENING SEPT 12. HE WAS ALSO  
RECEIVED WITH APOLOGIES BY OCIR DIRGEN (MIN AGRI SECGEN)  
GAHAMANYI AT DAWN SEPT 13, JUST BEFORE DEPARTING  
RWANDA; HE DELIEVED TOUGH PITCH TO GAHAMANYI ABOUT  
IMPORTANCE OF IMPLEMENTION OF I AGREEMENT WHICH HE V  
BEEN DELIVED TWICE BEFORE, AND GAHANANYI  
PROMISED TO INSTRUCT RIBANJE ACCORDINGLY. THEN, TO  
PUT IDING ON THIS CAKE, BIRARA HIMSELF SHOWED UP AT  
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AIRPORT AND CHATTED WITH WERTHEIM IN DEPARTURE LOUNGE,  
PROMISING (IN ENGLISH) "THIS TIME THERE WILL BE NO  
PROBLEMS." PERHAPS LIBYAN BANK AFFAIR AGAIN CONFIRMS  
IT'S AN ILL WIND THAT BRINGS NO GOOD.

5. DRAFTER: AMBASSADOR.  
CRIGLER

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NNN

## Message Attributes

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